

TESTIMONY OF WALTER R. STONE BEFORE
SENATOR McCAIN AND MEMBERS OF THE SENATE
COMMERCE, SCIENCE AND TRANSPORTATION
COMMITTEE, OTHER INVITED GUEST AND
MEMBERS OF THE PUBLIC-AT-LARGE

Prepared by:
Walter R. Stone, Esq.
General Counsel

My name is Walter Stone. I am the General Counsel to the International Boxing Federation. I also serve as the Chairman of the Legislative Committee. It is in those capacities that I appear before you today. My comments shall be confined to the five minute time period, but I would like to supplement my comments by the report and documentation that I sent to your Committee dated May 6, 1998 for the hearings that were previously held. I served as a boxing commissioner for the State of Rhode Island from 1980 through 1986. I am a licensed boxing judge. I have supervised approximately 200 IBF World, Intercontinental or USBA championship fights in the past 15 years. In addition, I have developed a national written examination for IBF/USBA judges and referees.

My first comment would be that I find it somewhat disingenuous and cynical that the name of this bill would be the "Mohammed Ali Boxing Reform Act". I think that the use of his name would have been appropriate for the health and safety act which was the original intent, at least that is my understanding, of Congress' interest in boxing. That is why I was concerned about the proposed changes and amendments in 1998. They seem not to address health and safety at all, but rather business practices.

I will assume from that standpoint that with reference to the business practice, maybe this act should be named the "Joe Louis Boxing Reform Act," given the history of what occurred to him during his career as an outstanding boxer, but I assume that the name Mohammed Ali is being offered to engender support since few members of Congress would vote against any act that carried such an icon's name. I find it somewhat ironic and hypocritical that his name would be used when it was this very same body, that in terms of business income, prevented Ali from making a living at the height of his career for a three year period. It is amazing that although we started off with a health reform act, once the camel's nose was in the tent it did not take long before its posterior followed. This legislation is bad. It is overreaching, it interferes and alienates a promoter's right to contract and arbitrarily attempts to impair and regulate sanctioning organizations which do not require membership, charge boxers to be rated or otherwise have a monopolistic control over their professional careers.

Moving from health and safety to allegedly reform unfair and anticompetitive practices strikes me as benign racism at worst, "we must protect these poor inner city, poorly educated, often

unemployed and mostly minority persons from being exploited" and at best paternalistic and over reaching. Why not tennis, golf, professional track and field? Why not regulate something really important like tug boat operations, which could prevent hazards on our water ways? (EXHIBIT A)

In the last five years both champions and challengers appeared to be well represented by managers, trainers, cut-men, and all seem to have at least two attorneys.¹

First of all, from the standpoint of the promoters, I cannot imagine a promoter not being able to negotiate, if at all possible, for an option with a boxer in a championship fight. The alternative is that, if they cannot reach an agreement for mandatory defense, there is an alternative presently within the system that addresses that issue. It is called a purse bid. The purse bid stands alone. The winner of the fight has no option requirements from a promoter. The purse bid is the most democratic process in boxing in particular and the sport's industry in general. On the other hand, if a promoter can negotiate for mandatory fight, paying a fighter more money and picking up options for future fights in case he wins - that seems like good business practices. I find that the provision with reference to the options is a restraint on trade at worst and an overreaching at best.

With reference to the sanctioning organization, and that is my primary concern, I think that your request concerning objective criteria in determining the ratings misses the mark.

Number one, each of the sanctioning organizations has a different view and philosophy about what is important in terms of its interest in boxing. They are as philosophically different as Democrats and Republicans. For example, creation of the IBF was the result of United States Commissioners believing that the majority of income in boxing was being generated in the United States, yet United States Boxers were not getting a fair shake at championship fights vis-a-vis the ratings. That very well may be reflected in the fact that 13 of our 17 champions are from the United States². Attached as EXHIBIT B is a listing of five boxing sanctioned organizations with present world champions as of January, 1998. The IBF, the only one with headquarters in the United States, has 17 champions and 10 were from the United States. The United States also has champions in the other four organizations as follows:

the WBC, out of Mexico, 5 of 17; the WBA, out of Venezuela, 3 of 17; the WBO, out of Puerto Rico, 3 of 17 and the WBU, out of London, 4 of 17. In addition, the last page shows the number of fights held by country in 1997. You will note that over 75% of the IBF fights, that is 30 of 39, were held in the United States. None of the other organizations came close to 50%.

I. RATINGS

With regard to rating, we consider:

- (a) the fighter's won/loss record;
- (b) caliber of his/her opponent;
- (c) the overall boxer's history; young, inexperienced fighter, older fighter, etc.;
- (d) number/frequency of fights with rated/ranked fighters;
- (e) period of inactivity;
- (f) recommendation of various boxing people, including managers, trainers, promoters, writers, sport commentators and members of the general public who are fight fans.

In addition we review television fights, as well as fight tapes.³

To say that we give any preference to United States boxers that is not necessarily the case, but because we are here in the United States and have a chance to see more United States boxers there is a greater likelihood that they will be rated and rated higher than boxers outside this country. That is a natural and honest phenomenon. However, we do rate fighters from outside the United States and they often become champions and have been champions in every weight category within the 17 categories except heavyweight. The real issue here is not the ratings. The proliferation of sanctioning organizations was a direct result of the greed of television, not of sanctioning organizations. Television created sanctioning organizations. What would occur is television only wanted to have championship fights and they would tell a promoter they would only televise championship fights. A given promoter might only have "X" number of fighters under contract and could not create enough fights for television so that promoter or promoters would then encourage the formation of sanctioning organizations so they

could have more fighters and more championship fights to feed the hungry beast, the television. Now, there are one of two ways of looking at the sanctioning organizations. First, the proliferation has deluded the quality of fights. Alternatively, it has increased the opportunity for fighters. I would suggest that you take a look at the case that I have attached (EXHIBIT D), United States of America v. International Boxing Club of New York, Inc., 178 F. Supp. 469 (1959). The case involves the monopolistic interest that was occurring in boxing in the 40's, 50's and 60's. I see that coming again and I say that based on the following: Who's interest does this bill really serve?

In the final analysis, when one pulls back the veneer of rhetoric that goes on in boxing, the sole issue at stake here is the battle between Showtime and HBO over the hearts, minds, souls, and most importantly, pocketbooks of the cable television viewing public. Both of these media giants have picked proxy warriors to fight their fight. On Showtime's side is Don King and on behalf of HBO, various other promoters. Don King was the boxing darling as long as he was aligned with HBO. Now that King is with Showtime, he represents all the dark and evil in the world of boxing, vis-a-vis the sanctioning organizations and anything else that possibly can be connected to him. On the other hand, it appears that HBO may be suffering from a bruised ego because its relationship with King has soured, and he has gone to Showtime. It begins to sound like the bruised ego of a petty Bonaparte personality.

What do the following boxers have in common⁴:

	FIGHTERS	WEIGHT	CLASS
(1)	Naseen Hamed	126	Featherweight
(2)	Roy Jones	175	Lt. Heavyweight
(3)	Oscar de la Hoya	147	Welterweight
(4)	Lennox Emis	over 190	Heavyweight
(5)	Ridick Bowe	over 190	Heavyweight

(6)	Pete Whitaker	147	Welterweight
(7)	Aurto Gatti	135	Lightweight
(8)	Angel Manfredi	135	Lightweight
(9)	George Foreman	over 190	Heavyweight
(10)	David Reid	154	Jr. Middleweight

Are they all under contract with HBO? Should HBO be required to register as a promoter? Should HBO be required to be registered as a quasi-sanctioning body? This scenario looks a lot like United States v. International Boxing Club of New York.

While attention is being deflected from television to promoters and sanctioning bodies, who is really gaining a monopolistic foothold in the sport? Television. By contracting directly with the boxers, television is able to eliminate the promoters and sanctioning bodies. Therefore, avoiding mandatory defenses and cherry picking opponents for their marque fighters.

Follow the money. Television generates the high dollars that presently exist in boxing. Television, in general, and cable pay-per-view, in particular.

Ridick Bowe's exclusive fight package with HBO effectively meant he could have fought until he got to be George Foreman's age. At the very best, this exclusive contract could have represented a restraint on trade in terms of his ability to fight for any sanctioning organizations, since he could not participate in purse bids and/or mandatory defenses. At the very worst, he became the HBO house boxer, albeit well paid. No wonder Bowe was overweight, out of shape and looked in trouble in the July 11, 1996 fight with Andrew Golata. With the multi-fight package he had with HBO guaranteeing his income, he had no incentive to be lean and mean and give his very best to the public. Query, whether any of this activity of exclusivity with HBO is in the best interest of boxing, in general, or the public, at large. These are some issues that I think need to be addressed and I hope that in your hearings you find them deserving of legitimate and introspective investigation.

II. IBF PENSION SYSTEM

The IBF has the only retirement and trust plan (pension system) in existence for boxers today. Our fourth quarter statement for 1997, indicates that we have approximately 130 people enrolled and they have placed approximately \$664,000 into this fund that has escalated to \$852,872 with the interest that has been gained through timely investments.

III. IBF JUDGES

Accountability of officials. Judges are required to write comments on the back of score cards explaining their decision in scoring a round (leads to greater credibility and accountability of IBF officials with the boxing fans and the public in general.

IV. IBF TRAINING

IBF training of officials occurs twice yearly and at the annual convention, judges and referee seminars are conducted to educate officials along with the most recent updated medical information available.

V. IBF CHAMPIONS

President/Commissioner of the IBF, Robert Lee has publicly stated "In the best interest of boxing, the IBF will challenge the other major boxing sanctioning bodies, WBA, WBC and WBO to determine who the best boxers are Pound for Pound."

Lee further stated, "each one of our world champions that successfully defends their title twice, may have the option of a waiver of their mandatory defense in order to fight a champion of one of the other sanctioning bodies in an effort to unify titles. In order to ensure the best champions, we leave the number one and two positions vacant until a rated fighter successfully fights another rated fighter to ensure his opportunity to become a mandatory challenger."

We believe that

- A. Unification fights are good for the public interest;
- B. Additionally, unified titles should result in larger purses for the fighters;
- C. Clear up confusion of the public with so many title holders of so few titles; and
- D. Hopefully increase the competitive skills displayed by the various champions, of course, we think that our champions, pound for pound are the best.

Our world champions by weight class and country are:

WEIGHT CLASS	CHAMPION	COUNTRY
--------------	----------	---------

Heavyweight	Evander Holyfield	USA
-------------	-------------------	-----

Jr. Middleweight	Yori Boy Campos	Mexico
------------------	-----------------	--------

Featherweight	Manuel Medina	Mexico
---------------	---------------	--------

WEIGHT CLASS	CHAMPION	COUNTRY
--------------	----------	---------

Jr. Flyweight	Mauricio Pastrana	Colombia
---------------	-------------------	----------

Cruiserweight	Imamu Mayfield	USA
---------------	----------------	-----

Welterweight	Felix Trinidad	Puerto Rico
--------------	----------------	-------------

Jr. Featherweight	Vuyani Bungu	South Africa
-------------------	--------------	--------------

Mini Flyweight	Zolani Petelo	South Africa
----------------	---------------	--------------

Lt. Heavyweight	Reggie Johnson	USA
-----------------	----------------	-----

Jr. Welterweight	Vince Phillips	USA
------------------	----------------	-----

Bantamweight	Tim Austin	USA
--------------	------------	-----

S. Middleweight	Charles Brewer	USA
-----------------	----------------	-----

Lightweight	Shane Mosley	USA
Jr. Bantamweight	Johnny Tapia	USA
Middleweight	Bernard Hopkins	USA
Jr. Lightweight	Robert Garcia	USA
Flyweight	Marc Johnson	USA

Lee also stated "everyone complains about how subjective the ratings of the sanctioning bodies are, or even worse, ratings are controlled and manipulated by promoters. The Pound for Pound challenge is to all boxers, promoters, broadcast media and other sanctioning bodies, let's determine the "best of champions", pound for pound in the ring."

VI. IBF WEBSITE

The IBF has a website on the internet (WWW.IBF - USBA - Boxing.com) that is readily accessible to the general public and it does not require a password or payment of a fee for full access.

VII. CONCLUSION

In the final analysis, the quality of the organization's championships and mandatory challengers will and should be determined by the marketplace, the boxing fan. You either have or develop a good reputation based on your champions and challengers or fans tune you out. The Darwinian principle of economic survival of the fittest should determine the best in this business not Congress, the states, or the ABC. Given the number of choices of various sanctioning bodies, this is not a monopolistic enterprise.

There are two primary issues that Congress can, must and should address.

First, the need for national uniform rules in all non-championship fights since the fight regulations vary so much from state to state. I have sent you a copy of the proposed national rules (attached hereto as EXHIBIT F). One of the things that Congress fails to realize is that less than 5% of

all the fights that occur in this country are championship fights, so 95% of the fights are regulated in a haphazard manner and a uniform set of rules, the McCain Rules, if necessary, should be implemented.

In addition, the second and most important issue is a national pension plan. The IBF is the only boxing organization that presently has a pension plan. You could develop and operate it similar to a 401(k) plan, money paid in would only be taxed when the money was realized at the time of withdrawal.

1 Attorneys now appear at the ring not just at world title fights, but national and intercontinental fights as well.

2 As of July, 1998.

3 The IBF has internal appeal procedure, Rule 22 (Attached hereto as EXHIBIT C.)

4 See Mike Katz Article, New York Daily News, April 22, 1998. (EXHIBIT E)